

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BUTLER COUNTY)	
WATER SYSTEM, INC., GRAYSON COUNTY)	
WATER SYSTEM, SIMPSON COUNTY WATER)	
DISTRICT, AND WARREN COUNTY WATER)	CASE NO. 89-110
DISTRICT FOR A DEVIATION FROM 807)	
KAR 5:066, SECTION 17(1) REGARDING)	
METER TESTING)	

O R D E R

By letter received April 28, 1989, Butler County Water System, Inc., Grayson County Water District, Simpson County Water District, and Warren County Water District ("Water Systems") requested a deviation from 807 KAR 5:066, Section 17(1). This regulation requires a water utility to periodically test 5/8-inch water meters so that no meter remains in service without test for a period longer than 5 years. The Water Systems initially requested they be approved to utilize a testing interval of 15 years. The Water Systems request for deviation was denied by Order entered May 17, 1989. On June 6, 1989, the Water Systems filed a Petition for Rehearing in this matter. In their prefiled testimony the Water Systems advocated a testing interval of 14 years. By Order entered June 26, 1989, the Water Systems Petition for Rehearing was granted. A hearing was held in this matter on November 10, 1989. On April 10, 1990, the Commission entered an Order holding this matter in abeyance pending a review of the regulation by the Commission.

According to the evidence provided by the Water Systems on rehearing, the 5 year testing requirement for meters contained in 807 KAR 5:066, Section 17(1), is outdated due to advancements in manufacturing and materials technology. Meters in use by the Water Systems have 10 to 15 year manufacturers warranties which provide that the meters will maintain "repaired meter accuracy" for the entire warranty period.

The Water Systems initiated a cost-benefit comparison to determine the optimum interval for meter testing and found no revenue gain could be realized by testing and/or replacing meters until they are at least 10 years old, and the expense of testing and replacement is not offset by revenue gain until meters have been in service at least 14 years.

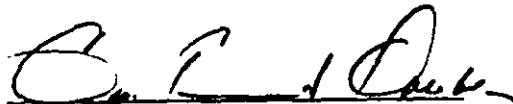
It should be noted, however, that the Commission's meter testing requirements ensure that water consumption is accurately measured so that the customer pays and the utility collects no more and no less for the service being rendered. In the Commission's opinion, a 10 year meter test interval will balance the interest of the customer in the accuracy of meters with the Water Systems' cost-benefit concerns. Based upon the record, specific circumstances of the Water Systems enumerated in the cost-benefit analysis, and being otherwise sufficiently advised, the Commission finds that a 10 year meter test interval is reasonable.

IT IS THEREFORE ORDERED that the Water Systems shall be allowed to deviate from 807 KAR 5:066, Section 17(1), by using a

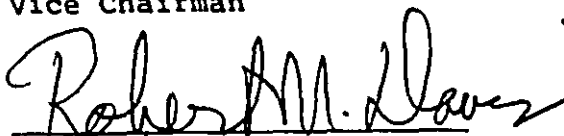
10 year periodic test interval for 5/8-inch water meters instead of the 5 year period therein specified.

Done at Frankfort, Kentucky, this 31st day of January, 1992.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner

ATTEST:


Executive Director